

BANK INDONESIA REGULATION  
NUMBER: 8/7/PBI/2006  
CONCERNING  
AMANDMENT TO BANK INDONESIA REGULATION  
NUMBER 7/13/PBI/2005 CONCERNING  
CAPITAL ADEQUACY RATIO FOR COMMERCIAL BANKS  
BASED ON SHARIA PRINCIPLES

THE GOVERNOR OF BANK INDONESIA,

- Considering :
- a. whereas to enhance the development of small business enterprises and to support fund channeling to employees/retired officers as the implementation of banking intermediation function from sharia banks to real sectors in the form of supporting the small business economic sector in Indonesia, it is deemed necessary to alter the calculation for risk-weighted assets for fund placement of the concerning sector;
  - b. whereas based on the abovementioned consideration referred to in letter a, it is necessary to alter the provisions concerning capital adequacy ratio for commercial banks based on the sharia principles in a Bank Indonesia Regulation:

In View of...

- In View of: 1. Act Number 7 of 1992 concerning Banking (State Gazette of the Republic of Indonesia of 1992 Number 31, Supplement to the State Gazette of the Republic of Indonesia Number 3472) as amended by Act Number 10 of 1998 (State Gazette of the Republic of Indonesia of 1998 Number 182, Supplement to the State Gazette of the Republic of Indonesia Number 3790);
2. Act Number 23 of 1999 concerning Bank Indonesia (State Gazette of the Republic of Indonesia of 1999 Number 66, Supplement to the State Gazette of the Republic of Indonesia Number 3843) as amended by Act Number 3 of 2004 (State Gazette of the Republic of Indonesia of 2004 Number 7, Supplement to the State Gazette of the Republic of Indonesia Number 4357);

HAS DECREED:

To Enact: BANK INDONESIA REGULATION CONCERNING THE AMANDEMENT TO BANK INDONESIA REGULATION NUMBER 7/13/PBI/2005 CONCERNING CAPITAL ADEQUACY RATIO FOR COMMERCIAL BANKS BASED ON SHARIA PRINCIPLES.

Article I

Several ...

Several provisions in Bank Indonesia Regulation No. 7/13/PBI/2005 dated June 10, 2005 concerning Capital Adequacy Ratio for Commercial Banks based on Sharia Principles (State Gazette of the Republic of Indonesia of 2005 Number 47, Supplement to the State Gazette of the Republic of Indonesia Number 4501) shall be altered to be as follows:

1. Elucidation to Article 4, paragraph (5) letter d shall be altered to be as the provisions in the elucidation of this Bank Indonesia Regulation.
2. Article 7 is altered to be read as follows:

#### Article 7

(1) Risk-weighted assets as referred to in Article 2 for productive assets shall be classified as the followings:

- a. fund placement in various forms of productive asset having a source of fund from third party fund using mudharabah mutlaqah principle based on profit and lost sharing method shall be subjected to a risk weight of 1% (one percent);
- b. fund placement in various forms of productive assets based on revenue sharing having a source of fund from capital ownership and/or third party fund by using wadiah, qardh, and mudharabah principles based on revenue sharing method categorized into the followings:
  1. placed or guaranteed by the government or the central bank shall be subjected to a risk weight of 0% (zero percent);

2. placed or ...

2. placed or guaranteed by other banks shall be subjected to a risk weight of 20% (twenty percent);
  3. placed or guaranteed by private party shall be subjected to a risk weight according to the rating of the intended party.
- c. fund placement in liabilities for housing loan guaranteed by first mortgage for own residence purposes having a source of fund from owned capital and/or third party fund by using wadiah, qardh, and mudharabah principles based on revenue sharing sytem shall be subjected to a risk weight of 35% (thirty five percent);
  - d. fund placement in various forms of productive asset to employee/retired officer other than housing loan and small business enterprise having a source of fund from wadiah, owned capital, qardh, and mudharabah mutlaqah based on revenue sharing method shall be subjected to a risk weight of 50% (fifty percent);
  - e. fund placement in various forms of productive assets to small business enterprises having a source of fund from wadiah, owned capital, qardh, and mudharabah mutlaqah based on revenue sharing method shall be subjected to a risk weight of 85% (eighty five percent);
  - f. fund placement in various forms of productive assets based on profit and loss sharing method having a source of fund from wadiah, owned capital, qardh, and mudharabah muthlaqah based on revenue sharing method shall be subjected to a risk weight of 150% (one hundred and fifty percent);

- (2) The rating to determine risk weight as referred to in paragraph (1) letter b number 3 or a used rating having the same standard shall be categorized into the followings:
- a. companies having AAA to AA- rating shall be subjected to a risk weight of 20% (twenty percent);
  - b. company rating of A+ to A- shall be subjected to a risk weight of 50% (fifty percent);
  - c. companies rated as BBB+ to BBB- shall be subjected to a risk weight of 100% (one hundred percent);
  - d. companies rated as BB+ to B- shall be subjected to a risk weight of 100% (one hundred percent);
  - e. companies having been rated lower than B- shall be subjected to a risk weight of 150% (one hundred and fifty percent);
  - f. unrated companies shall be subjected to a risk weight of 100% (one hundred percent).

## Article II

This Bank Indonesia Regulation shall come into force on the date of its enactment.

Enacted in : Jakarta

Date : February 27, 2006

THE GOVERNOR OF BANK INDONESIA,

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(signed)

BURHANUDDIN ABDULLAH

STATE GAZETTE OF THE REPUBLIC OF INDONESIA OF 2006 NUMBER 17

DPbS

ELUCIDATION  
To  
BANK INDONESIA REGULATION  
NUMBER: 8/7/PBI/2006  
CONCERNING  
AMANDMENT TO BANK INDONESIA REGULATION  
NUMBER 7/13/PBI/2005 CONCERNING  
CAPITAL ADEQUACY RATIO FOR COMMERCIAL BANKS  
BASED ON SHARIA PRINCIPLES

GENERAL PROVISIONS

In order to strengthen the role of sharia banking in supporting the real sectors by focusing on fund placement to small business sectors and supporting credit placement for employees and/or retired officers, it is necessary to make an adjustment to the amount of risk-weighted assets in a provision for calculation of capital adequacy ratio which is more accommodating and supporting the improvement of small business enterprises and credit placement for employees and/or retired officers.

ARTICLE BY ARTICLE

Article I

Number 1

Article 4...

Article 4

Paragraph (5)

Letter d

The term Subordinated Investment in the Monthly Report of Sharia Bank has the meaning of subordinated loan and subordinated sharia bonds.

Number 2

Article 7

Paragraph (1)

“productive assets” are placement of fund by the Bank in Rupiahs or foreign currencies in the forms of credit, liabilities, loan using the principle of qardh, placement of fund, paid-in capital, temporary paid-in capital, commitment and contingency to transactions of administrative accounts, and Bank Indonesia wadiah certificates;

“*mudharabah mutlaqah*” is the sharia principle in an agreement between the owner of funds and the party managing the received funds to conduct certain business activities, with profit sharing for both parties based on the agreed nisbah in which the Bank is authorized by the owner of the capital to place its fund;

“*wadiah*” is a sharia principle in an agreement between the owner of funds and a party receiving the placement and entrusted in keeping of these funds;

“qardh”...



“*qardh*” is the sharia principle in an agreement of lending and borrowing of funds between a sharia bank as the party lending the funds and a party borrowing the funds which obligates the borrowing party to pay for the main loan in one time payment or by crediting in certain period of time;

“employee” consists of the civil service officers (PNS), officers of the Indonesian National Army (TNI)/Police Force of the Republic of Indonesia (POLRI), employees in state institutions or employees in State Owned/Regional Government Enterprises;

“retired officers’ are retired officers from the Civil Services, retired officers from the Indonesian National Army (TNI)/Police Force of the Republic of Indonesia (POLRI), and retired employees in state institutions or employees in State Owned/Regional Government Enterprises;

Paragraph (2)

Self-explanatory

Article II

Self-explanatory